

Agenda Item IV: Assembly Bill (AB) 1392 Implementation Discussion

Tara Zimonjic, Chief Planning Officer, HCAI

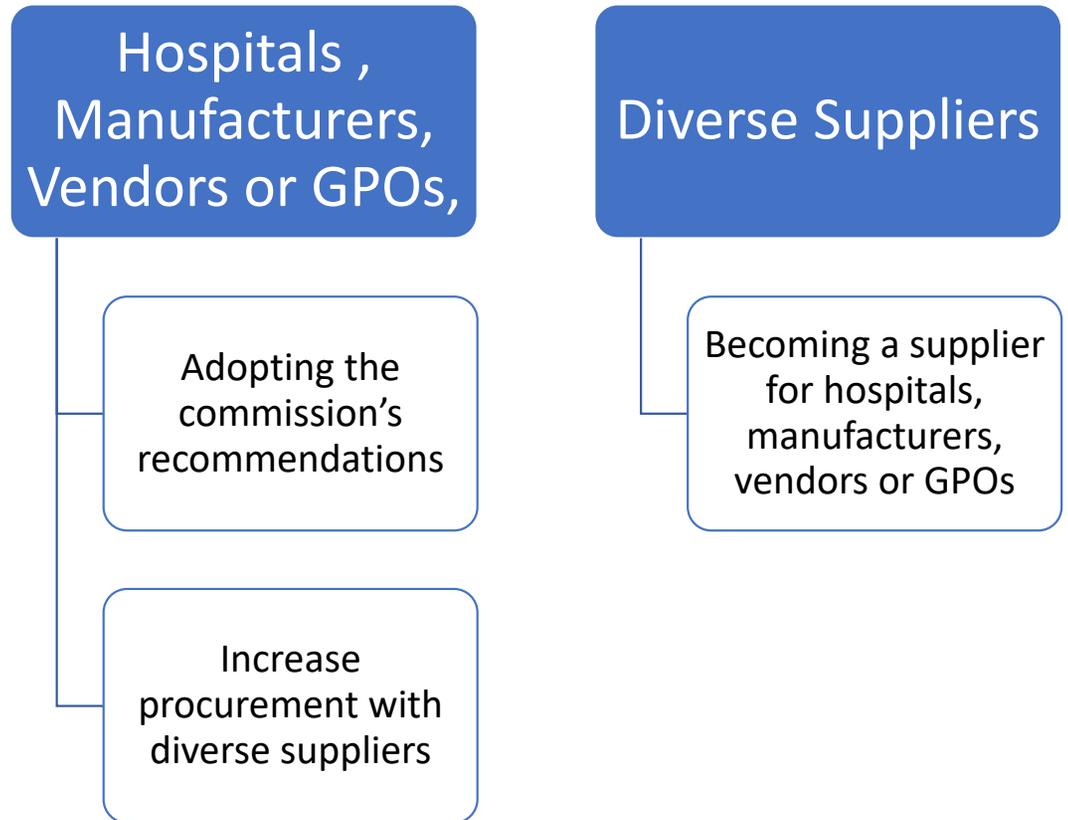
AB 1392 Summary

- AB 1392 expands data collection requirements including a plan for increasing procurement from diverse suppliers.
 - First updated plans are due July 2025
- *Authorizes HCAI to undertake **outreach and assistance** and work with the commission to develop approaches for those activities.*
- *Directs HCAI, in collaboration with the commission, to **develop voluntary guidelines for hospitals** to use when conducting their procurement.*
- Adds two additional commissioners added to HSDC.
 - One commissioner to represent GPOs and **another to be determined by the HCAI director**
- Authorizes HCAI to create a supplier/database clearinghouse, pending Legislative appropriation.
- [AB 1392 Fact Sheet](#)

Outreach and Assistance

Outreach and Assistance Activities

- HCAI is required to establish **two sets of outreach & assistance activities** based on the commission's recommendations:
 1. Outreach and assistance to hospitals, manufacturers, vendors, or group purchasing organizations of hospital goods and services who are:
 - a. Seeking to adopt the commission's recommendations, or
 - b. Looking to increase procurement from minority, women, LGBT, and disabled veteran business enterprises
 2. Outreach and assistance to minority, women, LGBT, and disabled veteran business enterprises who are:
 1. Seeking to be a supplier for a hospital, manufacturer, vendor, or group purchasing organization of hospital goods and services



Outreach & Assistance to Hospitals, Manufacturers, Vendors of GPOs

Section 1339.88 of the Health and Safety Code:

(f) The department shall **undertake outreach** and **provide assistance**, based on the commission's recommendations, to hospitals, manufacturers, vendors, or group purchasing organizations of hospital goods and services **seeking to adopt the recommendations** described in paragraph (1) of subdivision (d) **or to increase procurement** from minority, women, LGBT, and disabled veteran business enterprises.

Paragraph (1) of Subdivision (d)

(d) The functions of the hospital diversity commission shall include, but not be limited to, both of the following:

(1) Advise and provide recommendations to the director and the hospital industry on the best methods to increase procurement with diverse suppliers within the hospital industry.

Outreach & Assistance to Hospitals, Manufacturers, Vendors of GPOs – Review of Recommendations

- Review the recommendations that are relevant for Hospitals / GPOs
 - What is missing?
 - What is not relevant for outreach and assistance activities?
 - What needs to be adjusted?
- Which recommendations does the commission prioritize HCAI work to support hospitals, manufacturers, vendors or GPOs in implementing?

Guiding Principles for Finalizing Recommendations

- Meets statutory intent.
 - Hospitals are uniquely positioned to build relationships within the communities they serve through the development, inclusion, and utilization of certified minority, women, lesbian, gay, bisexual, transgender (LGBT), and disabled veteran business enterprises whenever possible.
- Promotes existing best practices while also encouraging hospitals to expand their outreach and contracting efforts.
- May be applicable to other health systems.

Discussion Questions

1. What is missing?
2. What needs to be adjusted?
3. Which recommendations does the commission want HCAI to prioritize for outreach and assistance activities?

Recommendations for Hospital Industry

- 1 Executive leadership should create a supplier diversity policy statement that promotes the use of diverse suppliers.
- 2 Executive leadership should develop and implement outreach and reporting metrics that support contracting with diverse suppliers.
- 3 Executive leadership should develop and implement hospital supplier diversity procurement metrics that are owned by executive leadership.
- 4 Executive leadership should develop, implement, and fund an internal hospital accountability system to meet specified metrics related to outreach, diverse business usage and provision of technical support for implementation.
- 5 Executive leadership should develop and implement an inclusion policy for hospitals to identify and track spend with diverse business enterprises (E.g., MBE, WBE, DVBE, LGBTQBE).
- 6 Executive leadership should develop and implement procurement processes and policies to document and mitigate internal criteria that may limit or impede diverse suppliers' ability to competitively respond to bids.
- 7 Executive leadership should develop and implement a supplier diversity webpage to inform diverse suppliers on the hospital's procurement process including the contact information of a diverse business outreach liaison.
- 8 Executive leadership should require prime suppliers to measure and report on spend with diverse suppliers.
- 9 Executive leadership should require the review of contract language with prime suppliers to require supplier diversity metrics for any relevant sub-contracts.
- 10 Executive leadership should update how hospitals track and report their supplier diversity outreach efforts, in order to report on how many diverse entities are onboarded as suppliers or manufacturers (e.g., GPOs and direct suppliers).
- 11 Executive leadership should establish a percentage goal for diverse suppliers in GPOs.
- 12 Executive leadership should require diverse suppliers to get their certification through an authorized certification body prior to contract award.

Discussion Questions

1. What is missing?
2. What needs to be adjusted?
3. Which recommendations does the commission want HCAI to prioritize for outreach and assistance activities for GPOs, manufacturers and vendors?

Other Recommendations for GPOs, Manufacturers, Vendors and Associations

| | |
|----|--|
| 20 | GPOs should implement a rating system or scale to measure manufacturers', distributors, and GPO's level of procurement with Tier II diverse suppliers. |
| 21 | All entities within the procurement ecosystem should partner with diverse chambers of commerce, technical assistance providers and certification bodies specifically supply chain focused to receive information related to procurement and competitive bid opportunities |
| 22 | Business Associations and/or Chambers should create a database of MBE, WBE, DVBE, LGBTQBE businesses to be used by hospitals to identify local and statewide diverse suppliers to meet their procurement needs; or have a database that can be organization sourced for procurement. |
| 23 | Business Associations and/or Chambers should create training materials and webinars that promote awareness and knowledge on how to compete for hospital RFPs. |
| 24 | Business Associations and/or Chambers should identify and document the barriers and impediments to accessing procurement |
| 25 | GPOs, manufacturers, and distributors should develop and implement processes and policies to support diverse suppliers' ability to competitively respond to procurement opportunities; as well as provide technical assistance and outreach for the competitive procurement processes. |
| 26 | GPOs should track and publish the number of unique diverse suppliers and the associated contracted value that is available through the GPO on an annual basis. |

Outreach & Assistance to Hospitals, Manufacturers, Vendors, or GPOs – Discussion of activities

- What are concrete **outreach activities** HCAI can do to hospitals, manufacturers, vendors, or GPOs?
- What are concrete **assistance activities** HCAI can do for hospitals, manufacturers, vendors, or GPOs?

Outreach & Assistance to Diverse Suppliers

Section 1339.88 of the Health and Safety Code:

(g) The department shall **undertake outreach** and **provide assistance**, based on the commission's recommendations, to minority, women, LGBT, and disabled veteran business enterprises **seeking to be a supplier** for a hospital, manufacturer, vendor, or group purchasing organization of hospital goods and services.

Direction for Outreach & Assistance to Diverse Suppliers

- What are recommendations the commission would develop for diverse suppliers that HCAI can support implementing for diverse suppliers?
- What are concrete **outreach activities** HCAI can do to support Diverse Suppliers?
- What are concrete **assistance activities** HCAI can do for Diverse Suppliers?

Voluntary Guidelines

Creation of Voluntary Guidelines

- AB 1392 requires HCAI, in consultation with the Hospital Supplier Diversity Commission, to establish guidelines for hospitals to voluntarily utilize when pursuing procurement efforts, activities, or programs.
- This part of the statute is operative as of January 1, 2025.

Recommendations for Hospital Industry

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INCREASING SUPPLIER DIVERSITY IN HEALTH CARE



September 2015

- Released by the American Hospital Association in 2015
- Outlines key action steps hospitals can take to increase supplier diversity
- Provides multiple case studies of hospitals and their specific approaches taken to build out more effective supplier diversity programs

Source <https://www.aha.org/ahahret-guides/2015-09-30-increasing-supplier-diversity-health-care>



Advocacy Education News Topics About

ARTICLE —>

How to Increase Supplier Diversity

One commitment and five strategies helped this hospital double its spend on suppliers who reflect the diversity of its staff, patients and community.

Published Jan. 18, 2023 | 3 min. read

BOOKMARK



- Case study of the Children's Hospital of Philadelphia (CHOP) and their best practices to build out a supplier diversity program.
- Outlines 5 critical components of CHOP's supplier diversity program including:
 - Community Relationships
 - Strategic Sourcing
 - Supplier Development
 - Data Analytics & Processes
 - Communication

- Harvard Business Review interviewed executive directors for small business procurement and procurement analysts at four different federal agencies
- Outline best practices large organizations can take when looking to build out a supplier diversity program
- Grouped in 2 categories
 - Finding capable small and diverse businesses
 - Generating Awareness of Needs and Capabilities

Supply Chain Management

Building a Supplier Diversity Program? Learn from the U.S. Government.

by Chris Parker and Dwaipayan Roy

February 09, 2024

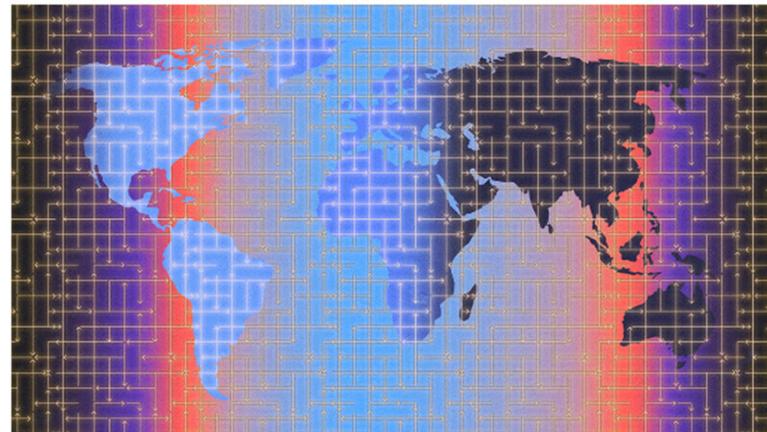


Illustration by Ricardo Santos

Summary. Large companies are striving to increase their purchases from small, diverse-owned businesses (SDBs) — those that are 51% or more owned and operated by an individual or group that is part of a historically underrepresented or underserved group (e.g., women, racial minorities, veterans, LGBTQIA+, and people with disabilities). Despite their pledges, they are

Forging a Path to Health Equity Through Supplier Diversity

January 22, 2024

DEI



Brian Kyle (left), Vice President, Supply Chain and Accounts Payable, and Kayode Adeyemi (right), Senior Strategic Sourcing & Supplier Diversity Manager at the American Cancer Society.

The National Minority Supplier Development Council highlighted in their blog the American Cancer Society's approach to incorporating supplier diversity as a strategy for advancing health equity.

Discussion Questions

- What other resources should HCAI consider when developing voluntary guidelines for hospitals to use?
- Which, if any, of the recommendations to hospitals lend themselves to elevating to voluntary guidelines?
- Are there opportunities for outreach and assistance activities to support implementation of voluntary guidelines?

Commission Membership

Additional Commission Member

- AB 1392 expands the HSDC by adding two additional members – one to represent a group purchasing organization, and the other at the discretion of the HCAI Director.
- What organizations could contribute valuable insights as potential commission members?

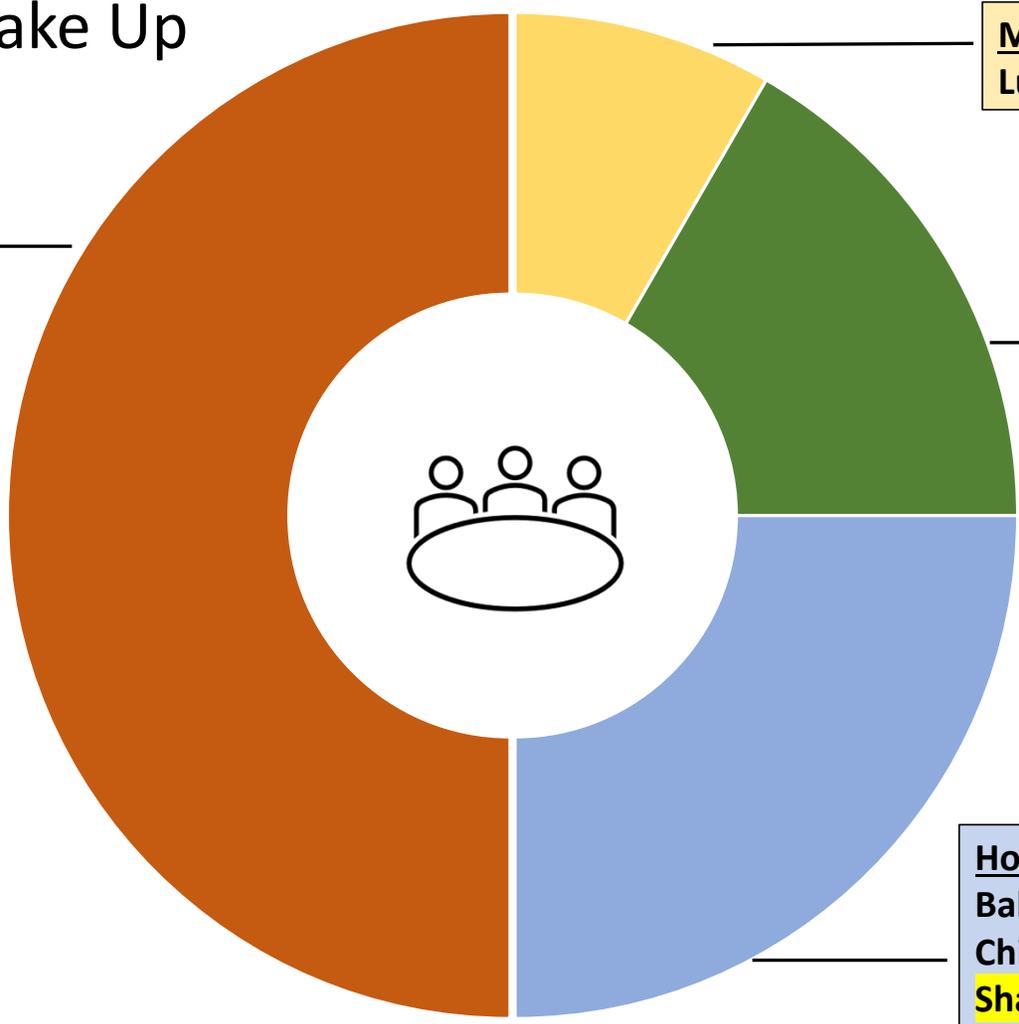
Hospital Supplier Diversity Commission Make Up

Diverse Business Owners
Women Owned:
- Theresa Martinez
- Ruksana Azhu-Valappil

Minority Owned:
- Cameron Stewart
- Tracy Stanhoff

DVBE Owned
- Jackson Dalton

LGBT Owned:
- Lily Rocha



Member of the Public
Lupe Alonzo-Diaz

Supplier Diversity Experts
Cecil Plummer
Tara Lynn Gray

Hospital Procurement Experts
Baljeet Sangha
Chico Manning
Shaleta Dunn

Supplier Diversity Landscape - sample



NMSDC
National Minority Supplier
Development Council



nglcc
National LGBT
Chamber of Commerce



**CALIFORNIA
HISPANIC**
CHAMBERS OF COMMERCE



**California Black
Chamber of Commerce**
"Dedicated to Economic Empowerment"



**AMERICAN INDIAN
CHAMBER OF COMMERCE**
CALIFORNIA



WBENC **DGS**
CALIFORNIA DEPARTMENT OF
GENERAL SERVICES
Service Disabled Veteran Owned Small Business



Sacramento



CALASIAN[®]
chamber of commerce

Certification Bodies

**Economic Equity
Focused Organizations**

Consulting Firms

**Chambers &
Business
Associations**



Discussion Questions

- Considering organizations that would enhance the existing work of the supplier diversity commission are there any types of organizations that were not accounted for in our landscape overview?
- Many organizations in the supplier diversity space advocate for a specific diverse supplier group – how does the commission recommend HCAI consider this issue when we only have **one additional space** to add to the commission?
- What else should HCAI be considering when adding a new commission member?

Public Comment